

Long Range Building Program

Purpose - The Long-Range Building Program (LRBP) was initiated in 1965 to provide funding for construction and maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction and maintenance of state-owned facilities. Primary statutory authority is Title 17, Chapter 7, part 2, MCA.

Executive Recommendation -

- **Volume 3 of the Governor's 2009 biennium Executive Budget** contains complete descriptions of all recommended projects, which total \$300,484,138, as well as a listing of all LRBP project applications submitted by Agencies for the 2009 biennium. All recommended projects are listed within Table F-2.
- **The 2009 Long Range Building Program is a "Cash and Carry Only" program and no general obligation bonds are proposed.**
- **HB 5** contains \$130,130,000 LRBP, \$53,197,160 state special revenue, \$48,178,978 federal special revenue, and \$68,978,000 other funds for a total of 76 projects and \$300,484,138 in the cash program.
- Highest priorities in the cash recommendations for the 2009 biennium are projects that address safety, major repairs and deferred maintenance.
- The LRBP is the primary source of funding for major repairs and maintenance for two thirds of state-owned buildings, with a combined replacement value exceeding \$1.15 billion. Ongoing funding for the LRBP has diminished over time and currently the level of funding is not sufficient to maintain a reasonable level of major maintenance on state buildings, causing the state's backlog of deferred maintenance to grow to an estimated \$205 million. An ongoing General Fund Appropriation of \$7.15 million per year is being made to directly address this problem of insufficient ongoing funding for maintenance of state buildings.
- In addition to this ongoing appropriation, a one-time transfer of \$40 million from the General Fund to the Long Range Building Fund is being made to address the State's major repair and maintenance backlog.
- **Major renovation/capital projects in the Governor's 2009 biennium Executive Budget include:**
 - **STEP Program, Montana State Hospital** – This \$5.8 million project will renovate and improve and/or construct facilities within the Warm Springs Campus to accommodate multiple programs necessary for the Department of Corrections and Department of Health & Human Services to provide services and treatments required under their missions. This will allow DOC and DPHHS to develop and share a consistent, evidence based treatment strategy between their two systems for people who have a serious mental illness and/or co-occurring substance use disorder.
 - **Enterprise System Services Centers** – This \$24.15 million project will relocate the State of Montana's primary computer, telecommunications, and printing functions to a secure and appropriate Enterprise Systems Services Center (ESSC) Building, to be located in the greater Capitol Complex area. In addition to the primary System Services Center, this project will construct a remote System Services Center in the eastern portion of Montana to provide operational capacity, redundant facilities to support critical services, accelerated backup processes and enhanced disaster recovery capabilities. These improvements will significantly enhance the security and disaster recovery capability of the State's primary computer facility.
 - **Renovate Gaines Hall, MSU-Bozeman** – Gaines Hall, constructed in the 1960's, houses the Chemistry Department at MSU and is one of the heaviest student-use buildings within the Bozeman campus. This \$28.5 million project will completely renovate the building to modern lab/teaching standards and eliminate deferred maintenance that has accumulated to a level equal to 1/3 of the replacement cost of the building.

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- **Law School Addition, UM-Missoula** – This \$8.5 million project will augment the existing authority and appropriations for renovations and additions to the Law School that are required to meet current accreditation and building code requirements.
- **Major significant projects, continued:**
 - **Purchase Forensic Science Lab Building** – This \$7.75 million project will purchase the Department of Justice's Forensic Science Lab Building located in Missoula, which is currently being leased. The State's analysis of purchase versus continued lease demonstrates that this is a prudent and timely investment for the State of Montana.
 - **Supercomputer Challenge Grant for Butte** – Montana has been offered an opportunity for installation of a supercomputer in Butte by a major computer manufacturer. There is great potential for economic development and enhancement of our Montana University System. If a successful business plan is developed, then the state will grant \$7 million to develop a supercomputer center in Butte.

Since the Last Session –

- The Architecture and Engineering Division has completed construction of the Applied Technology Center at MSU-Northern, a major renovation of the Montana State Prison Dairy, upgrades to the Electrical Distribution System at MSU-Bozeman, boiler upgrades at MT Law Enforcement Academy and UM-Western, and small but significant renovations at Eastern Montana Veterans' Home and Montana State Hospital.
- Construction has started for major additions to the Colleges of Technology at Billings, Great Falls and Helena; is well underway for the Chemistry Research Building at Montana State University; and is nearing completion for the new Journalism Building and Skaggs Building Addition at the University of Montana, and the campus grounds redevelopment at MSU-Northern.
- And in an effort to address the State's significant backlog of deferred maintenance within state-owned facilities, vital and significant major repair and maintenance projects have begun on virtually every governmental campus within the State.

Language Recommendation -

The following language will be included in the introduced version of **HB 5**:

"Fund Transfer. (1) There is transferred from the general fund \$50.875 million in fiscal year 2008 and \$50.875 million in fiscal year 2009 to the long-range building program account in the capital projects fund type for the projects enumerated in [section 2]. (2) There is transferred from the general fund \$15 million in the 2009 biennium to the fish, wildlife and parks capital projects account in the capital projects fund type for the projects enumerated in [section 5]".

Funding -

- See Table F-1 for presentation of the LRBP account revenue estimates for the 2009 biennium.

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TABLE F-1

**REVENUE ESTIMATE
LONG-RANGE BUILDING PROGRAM ACCOUNT
PROJECTIONS AS OF NOVEMBER 9, 2006
2009 BIENNIUM**

Estimated Beginning Cash Balance (July 1, 2007)		\$4,605,746
Revenues:		
Cigarette Tax	\$3,885,992	
Coal Severance Tax	9,451,465	
Interest Earnings	3,300,239	
Supervisory Fees	649,336	
DEQ Transfer - Energy Savings	82,365	
General Fund Transfer (Ongoing)	14,300,000	
General Fund Transfer (OTO)	<u>101,750,000</u>	
Total Revenues		<u>133,419,397</u>
Funds Available		138,025,143
Expenditures:		
Operating Costs - A & E Division	(3,415,744)	
Debt Service - 2003G Issue ¹	(3,607,245)	
Debt Service - 2005A Issue ²	(1,022,440)	
Debt Service - 1997B Issue ³	(270,803)	
Debt Service - 1999C Issue ⁴	(854,018)	
Funding Switch ⁵	<u>1,330,000</u>	
Total Expenditures - Excluding Capital Projects		<u>(7,840,250)</u>
Funds Available For Capital Projects		130,184,893
Funding Proposals		
Capital Construction Program - LRBP Projects Only		(130,130,000)
Balance Remaining		<u><u>\$54,893</u></u>

¹	Refunding the 1996D bond issue
²	Refunding portions of the 1997B and 1999C bond issues
³	Non-refunded portion of the 1997B bond issue
⁴	Non-refunded portion of the 1999C bond issue
⁵	Funding switch authorized by the 2001 legislature - Montana Session Laws 2001, Chapter 486, Section 11

Long Range Building Program

Table F-2 Long-Range Building Program							
Priority	Agency	Project Description	Funding Sources				Total
			LRBP	State Special	Federal Special	Other Funds	
1	DPHHS	Install Generator, MMHNCC	250,000	0	0	0	250,000
2	Statewide	Roof Repairs and Replacements	3,000,000	392,160	68,040	0	3,460,200
3	Statewide	Code/Deferred Maintenance Projects	2,500,000	0	0	0	2,500,000
4	MUS	Code Compliance/Deferred Maintenance, MUS	4,000,000	0	0	0	4,000,000
5	Statewide	Hazardous Materials Abatement	500,000	0	0	0	500,000
6	DOA	Code/Deferred Maintenance Projects, Capitol Complex	0	0	0	550,000	550,000
7	Statewide	Upgrade Fire Protection Systems	500,000	0	0	0	500,000
8	DOA	Fire Protection Measures, Capitol Complex	0	0	0	500,000	500,000
9	MUS	Systems Improvements, MT-Tech COT	925,000	0	0	0	925,000
10	DOC	Housing Unit Upgrades, MT State Prison	1,200,000	0	0	0	1,200,000
11	MSDB	Replace Boiler	600,000	0	0	0	600,000
12	DPHHS	STEP Program Renovations, MSH, Warm Springs	5,800,000	0	0	0	5,800,000
13	MUS	Steam Distribution System Upgrades, Phase 2, UM-Missoula	2,000,000	0	0	1,000,000	3,000,000
14	MUS	Renovate Clapp Building, UM-Missoula	821,000	0	0	0	821,000
15	MUS	Renovate Armory Gym, MSU-Northern	400,000	0	0	3,250,000	3,650,000
16	DPHHS	Renovate/Improve Support Services, MSH	4,500,000	0	0	0	4,500,000
17	MUS	Renovate Main Hall, UM-Western	4,500,000	0	0	0	4,500,000
18	MUS	Renovate McMullen Hall, MSU-Billings	1,924,500	0	0	0	1,924,500
19	DOA	Upgrade State Environmental Laboratory, Helena	1,000,000	0	1,000,000	0	2,000,000
20	DPHHS	Modernize MMHNCC, Lewistown	500,000	0	0	0	500,000
21	Statewide	Repair/Preserve Building Envelopes	1,500,000	0	0	0	1,500,000

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Table F-2, continued							
Long-Range Building Program							
Priority	Agency	Project Description	Funding Sources				Total
			LRBP	State Special	Federal Special	Other Funds	
22	MUS	Stabilize Masonry, MSU-Bozeman	2,600,000	0	0	0	2,600,000
23	Statewide	Campus Infrastructure Projects	1,000,000	0	0	0	1,000,000
24	MUS	Deferred Maintenance & Acquisition, MSU-AES Statewide	400,000	0	0	500,000	900,000
25	MUS	Classroom/Laboratory Upgrades - Montana University System	2,000,000	0	0	0	2,000,000
26	DOA	Mechanical System Improvements, Capitol Complex	0	0	0	1,900,000	1,900,000
27	DNRC	Code/Deferred Maintenance and Small Projects, DNRC Unit Campuses - Statewide	750,000	0	0	0	750,000
28	DOA	Deferred Maintenance, Phase 2, MT Law Enforcement Academy	500,000	0	0	0	500,000
29	Commerce	Maintain Historic Buildings, Virginia & Nevada Cities	3,000,000	0	0	0	3,000,000
30	MUS	Utility Infrastructure Improvements, MSU-Bozeman	500,000	0	0	50,000	550,000
31	DPHHS	Montana Veterans' Home Improvements	0	1,413,000	0	0	1,413,000
32	DPHHS	Improve Campus, MSH - Warm Springs	1,280,000	0	0	0	1,280,000
33	DOA	Enterprise System Services Centers	20,150,000	0	0	4,000,000	24,150,000
34	MUS	Supplement HCOT Expansion	1,350,000	0	0	135,000	1,485,000
35	Statewide	Campus Master Planning	400,000	0	0	250,000	650,000
36	DOC	Expand Work Dorm, MSP	2,500,000	0	0	0	2,500,000
37	MUS	Renovate Gaines Hall, MSU-Bozeman	28,500,000	0	0	0	28,500,000
38	DNRC	Co-Locate DNRC/DEQ, Kalispell	3,500,000	0	0	0	3,500,000
39	DNRC	Consolidate DNRC Divisions, Missoula	2,000,000	0	0	0	2,000,000
40	MUS	Law School Addition, UM - Missoula	3,450,000	0	0	5,050,000	8,500,000

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Table F-2, continued Long-Range Building Program							
Priority	Agency	Project Description	Funding Sources				Total
			LRBP	State Special	Federal Special	Other Funds	
41	DOC	Expand Food Service Capacity, MSP	1,637,000	0	0	293,000	1,930,000
42	Justice	Purchase Forensic Science Lab Building	7,750,000	0	0	0	7,750,000
43	Statewide	Challenge Grant for Super Computer, UM-MT Tech	7,000,000	0	0	7,000,000	14,000,000
44	DMA	Readiness Center, Miles City	2,480,000	0	7,510,970	0	9,990,970
45	DMA	Armed Forces Reserve Center, Missoula	0	0	30,903,968	0	30,903,968
46	DMA	Construct Female Showers and Latrines	290,000	0	290,000	0	580,000
47	DMA	Montana State Veterans' Cemetary Expansion	0	0	1,206,000	0	1,206,000
48	DMA	DES Mobile Command Post	172,500	0	0	0	172,500
49	DMA	Federal Spending Authority	0	0	2,000,000	0	2,000,000
50	MDT	Statewide Maint. Repair & Small Projects	0	2,300,000	0	0	2,300,000
51	MDT	Equipment Storage Buildings, Statewide	0	2,700,000	0	0	2,700,000
52	MDT	US Highway 93 Projects	0	26,000,000	0	0	26,000,000
53	DNRC	Bridge Replacement/Repair	0	750,000	0	0	750,000
54	DNRC	Building Addition - Billings Oil and Gas Office	0	750,000	0	0	750,000
55	MUS	Increase Authority - Museum of the Rockies, MSU-Bozeman	0	0	0	3,500,000	3,500,000
56	MUS	School of Education Building, UM-Missoula	0	0	0	7,500,000	7,500,000
57	MUS	HHP Physiological and Nutritional Lab, UM-Missoula	0	0	0	4,500,000	4,500,000
58	MUS	New Parking Structure, UM-Missoula	0	0	0	5,000,000	5,000,000
59	MUS	General Spending Authority, MSU-All Campuses	0	0	0	5,000,000	5,000,000
60	MUS	General Spending Authority, UM-All Campuses	0	0	0	4,000,000	4,000,000
61	FWP	Future Fisheries	0	1,314,000	0	0	1,314,000
62	FWP	FAS Acquisition	0	460,000	100,000	0	560,000

Treasure State Endowment Program

Purpose - The Treasure State Endowment Program (TSEP), administered by the Department of Commerce, is a coal tax-funded program designed to assist communities with infrastructure financing as authorized by Montana voters with passage of Legislative Referendum 110 in 1992. Title 90, Chapter 6, part 7, MCA sets out the basic requirements for TSEP. Goals for the program include:

- . create jobs for Montana residents;
- . promote economic growth in Montana by helping to finance the necessary infrastructure;
- . encourage local public facility improvements;
- . create a partnership between the state and local governments to make necessary public projects affordable;
- . support long-term, stable economic growth in Montana;
- . protect future generations from undue fiscal burdens caused by financing necessary public works;
- . coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- . enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

Executive Recommendation -

- . **Volume 4 of the Governor's 2009 biennium Executive Budget** contains the department's evaluation of each of the TSEP applications and the detailed funding recommendations.
- . Under current law, it is projected that about \$17.3 million in net endowment interest will be available for TSEP grant awards for the 2009 biennium.
- . HB 11 contains the list of projects recommended for TSEP construction grant funding. For the 2009 biennium, there were 57 applications submitted, requesting \$33,891,715 in TSEP grant funds. Table F-3 lists each project and the recommended grant if there are sufficient monies to fund each project. Based on the net endowment interest projected to be available for TSEP grant awards for the 2009 biennium, the first 31 projects could be funded.
- . HB 11 also contains requests for \$600,000 to be used by the department to award matching grants for preliminary engineering studies, and \$100,000 to be used by the department to award grants for emergency projects.
- . HB 11 also contains a request to amend Section 1, Chapter 435, Laws of 2001, in order to terminate a prior TSEP grant.
- . HB 11 also contains an appropriation from the Treasure State Endowment Regional Water System Fund, which is administered by the Department of Natural Resources and Conservation.

Treasure State Endowment Program

Since the Last Session -

- Since the 2005 Legislature met, the department has administered as many as 96 construction grants, awarded and administered 43 grants for preliminary engineering studies, and awarded and administered four grants for emergency projects.
- There were a few major policy changes to *TSEP Application Guidelines* that were published in 2005.
 - The maximum amount of TSEP construction grant funds that can now be requested for a construction project was raised from \$500,000 to \$750,000, and the maximum amount that can be requested per benefited household was raised from \$7,500 to \$15,000.
 - Preliminary engineering hardship grants were eliminated. All preliminary engineering grant applicants are now required to provide a dollar-for-dollar match.
 - The financial analysis methodology used to evaluate bridge projects was modified. The new methodology looks at approximately how much money is available to the county that could be used for bridge projects (an indicator of the overall wealth of the county) and the number of bridges that the county is responsible for maintaining.

Treasure State Endowment Program

Table F-3 TSEP Applicants and the Amount of Dollars Recommended					
Rank ¹	Applicant	Type of Project	Amount Requested	Proposed Grant Award ²	Cumulative Proposed Award
1	Lewis & Clark County for the Woodlawn Park Addition	Water	596,420	596,420	596,420
2	Bainville, Town of	Wastewater	715,000	715,000	1,311,420
3	Madison Co.	Bridge	370,100	370,100	1,681,520
4	Sweet Grass Co.	Bridge	151,493	151,493	1,833,013
5	Powell Co.	Bridge	263,074	263,074	2,096,087
6	Circle, Town of	Wastewater	750,000	750,000	2,846,087
7	Harlem, City of	Water	750,000	750,000	3,596,087
8	Jordan, Town of	Wastewater	700,000	700,000	4,296,087
9	Thompson Falls, City of	Water	363,000	363,000	4,659,087
10	Twin Bridges, Town of	Wastewater	750,000	750,000	5,409,087
11	Seeley Lake – Missoula Co. Water District	Water	750,000	750,000	6,159,087
12	Fergus Co.	Bridge	238,362	238,362	6,397,449
13	Sunny Meadows Missoula Co. Water & Sewer District	Water	325,000	325,000	6,722,449
14	Tri County Water District	Water	313,500	313,500	7,035,949
15	Blaine Co.	Bridge	617,017	617,017	7,652,966
16	Loma Co. Water & Sewer District	Water	750,000	750,000	8,402,966
17	Ekalaka, Town of	Water & Wastewater	706,369	706,369	9,109,335
17	Stillwater Co.	Bridge	407,500	407,500	9,516,835
19	Sheridan, Town of	Wastewater	750,000	750,000	10,266,835
20	Carter-Chouteau Co. Water & Sewer District	Water	750,000	750,000	11,016,835
21	Bigfork Co. Water/Sewer District	Wastewater	750,000	750,000	11,766,835
22	Dayton/Lake Co. Water & Sewer District	Wastewater	750,000	750,000	12,516,835
23	Judith Basin Co.	Bridge	192,215	192,215	12,709,050
23	Pinesdale, Town of	Water	750,000	750,000	13,459,050
25	Power-Teton Co. Water & Sewer District	Water	604,286	604,286	14,063,336
26	Superior, Town of	Water	600,000	600,000	14,663,336
27	RAE Subdivision County Water and Sewer District No. 313	Water	750,000	750,000	15,413,336
28	Jefferson Co.	Bridge	295,800	295,800	15,709,136
29	Fort Benton, City of	Stormwater	750,000	750,000	16,459,136
30	Laurel, City of	Wastewater	750,000	750,000	17,209,136
31	Yellowstone Co.	Bridge	97,079	97,079	17,306,215
32	Neihart, Town of	Water	223,000	223,000	17,529,215
33	Three Forks, City of	Wastewater	750,000	750,000	18,279,215
34	Manhattan, Town of	Water	750,000	750,000	19,029,215

Treasure State Endowment Program

Table F-3 (Continued)					
TSEP Applicants and the Amount of Dollars Recommended					
Rank ¹	Applicant	Type of Project	Amount Requested	Proposed Grant Award ²	Cumulative Proposed Award
35	Cut Bank, City of	Water	550,000	550,000	19,579,215
36	Whitehall, Town of	Wastewater	750,000	750,000	20,329,215
37	Crow Tribe for Crow Agency	Wastewater	750,000	750,000	21,079,215
38	Big Sandy, Town of	Wastewater	750,000	750,000	21,829,215
39	Fairfield, Town of	Wastewater	750,000	750,000	22,579,215
39	Hamilton, City of	Wastewater	750,000	750,000	23,329,215
41	Shelby, City of	Water	750,000	750,000	24,079,215
41	Whitefish, City of	Wastewater	750,000	750,000	24,829,215
43	Panoramic Heights and Mountain Riverheights Co. Water District	Water	191,500	191,500	25,020,715
44	Custer County	Bridge	63,750	63,750	25,084,465
45	Brady Co. Water District	Wastewater	750,000	750,000	25,834,465
46	Elk Meadows Ranchettes Water District	Water	410,000	410,000	26,244,465
47	Gallatin Co. for Hebgen Lake	Wastewater	750,000	750,000	26,994,465
48	Polson, City of	Water	750,000	750,000	27,744,465
49	Darby, Town of	Water	750,000	750,000	28,494,465
50	Goodan Keil Co. Water District	Water	532,250	532,250	29,026,715
51	Butte-Silver Bow	Water	750,000	750,000	29,776,715
52	Columbia Falls, City of	Wastewater	750,000	750,000	30,526,715
53	Mineral Co./Saltese Water & Sewer District	Wastewater	750,000	390,000	30,916,715
54	Red Lodge, City of	Water	750,000	750,000	31,666,715
55	Black Eagle Cascade County Water & Sewer District	Water	365,000	365,000	32,031,715
56	North Valley Co. Water & Sewer District	Water	750,000	750,000	32,781,715
57	Missoula Co. for Lolo	Wastewater	750,000	0	32,781,715
Total			33,891,715	32,781,715	32,781,715

¹ Some projects have the same rank number indicating they tied.

² The amount recommended if there are sufficient monies to fund the project. Under current law, it is projected that about \$17.3 million in net endowment interest will be available for TSEP grant awards for the 2009 biennium. Based on the net endowment interest projected to be available for TSEP grant awards for the 2009 biennium, the first 31 projects could be funded.

Reclamation and Development Grant Program

Purpose - The Reclamation and Development Grants Program (RDGP) was established by the Montana Legislature in 1987 to enable funding for projects that indemnify the people of Montana for the effects of mineral development on public resources and that meet other crucial needs serving the public interest and the total environment of the citizens of Montana. Administered by the Department of Natural Resources and Conservation (DNRC), the RDGP fulfills this mission by funding projects that (1) repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction, and (2) develop and ensure the quality of public resources for the benefit of all Montanans. The RDGP Act is Title 90, Chapter 2, part 11, MCA.

Executive Recommendation -

- **Volume 5 of the Governor's 2009 biennium Executive Budget** contains the complete project evaluations and funding recommendations for the RDGP.
- **HB 7** presents the reclamation and development grant recommendations, which total \$5,196,500 for the 17 projects for which funding is recommended.
- Statutorily required priorities include \$600,000 for the Montana Board of Oil and Gas and \$800,000 in abandoned mines reclamation.
- Representative mineral reclamation projects include reclamation and cleanup of the Snowshoe, Bald Butte, and Landusky mines, and numerous oil and gas well plugging and abandonment projects.
- Non-mineral projects include the rehabilitation of St. Mary diversion structures and hydrologic assessment of the Smith River watershed.
- Also included is a \$1 million request for planning grant funding.

Since the Last Session -

- During the interim, DNRC contracted with 15 of the 17 funded grants. These projects are progressing with particular success from the Board of Oil and Gas in properly plugging and abandoning shut in wells that have been taken over as a responsibility of the state.

Reclamation and Development Grant Program

Table F-4

2009 Biennium Reclamation and Development Grants				
RANK	APPLICANT	AMOUNT REQUESTED	AMOUNT RECOMMENDED	CUMULATIVE AMOUNT
1	MT Board of Oil and Gas Conservation 2007 Southern District Orphaned Well Plug and Abandonment, and Site Restoration	\$300,000	\$300,000	\$300,000
2	MT Board of Oil and Gas Conservation 2007 Northern District Orphaned Well Plug and Abandonment, and Site Restoration	\$300,000	\$300,000	\$600,000
3	MT Department of Environmental Quality Snowshoe Mine Reclamation Project	\$300,000	\$300,000	\$900,000
4	MT Department of Environmental Quality Bald Butte Mine and Millsite Reclamation Project	\$300,000	\$300,000	\$1,200,000
5	MT Department of Natural Resources and Conservation St. Mary Facilities Rehabilitation	\$300,000	\$300,000	\$1,500,000
6	Powell County Milwaukee Roundhouse Voluntary Cleanup	\$285,380	\$286,000	\$1,786,000
7	MT Department of Natural Resources and Conservation Reliance Refinery	\$300,000	\$300,000	\$2,086,000
8	Central Montana Water Authority Utica Well 2	\$300,000	\$300,000	\$2,386,000
9	MT Board of Oil and Gas Conservation Southern District Tank Battery Cleanup	\$300,000	\$300,000	\$2,686,000
10	Meagher County CD Hydrologic Investigation of the Smith River Watershed	\$218,700	\$300,000	\$2,986,000
11	MT Department of Environmental Quality Belt Acid Mine Drainage Mitigation	\$300,000	\$282,000	\$3,268,000
12	MT Department of Environmental Quality Swift Gulch Placer Tailings and Wetland Establishment	\$300,000	\$150,000	\$3,418,000
13	Broadwater CD Whites Gulch Reclamation Fish Barrier Project	\$24,500	\$24,500	\$3,442,500
14	MT Department of Environmental Quality Landusky Mine – Characterization of Surface Water/Groundwater Interactions in Swift Gulch and the Adjacent Landusky Pit Complex	\$300,000	\$300,000	\$3,742,500
15	Big Horn CD Montana Regional Coalbed Methane	\$157,659	\$160,000	\$3,902,500
16	Gallatin Local Water Quality District Assessment and Distribution of Pharmaceuticals	\$293,765	\$294,000	\$4,196,500
	TOTAL	\$4,280,004	\$4,196,500	\$4,196,500

Renewable Resource Grant and Loan Program

Purpose - The Renewable Resource Grant and Loan Program offers funding for projects that conserve, manage, develop, and preserve renewable resources to provide economic and other benefits of the state's natural heritage. The Department of Natural Resources and Conservation (DNRC) administers the program, which is provided for in Title 85, Chapter 1, part 6, MCA. Governmental entities may apply to the program to obtain funding for community resource-related projects. Project eligibility covers a wide spectrum including irrigation system rehabilitation, stream restoration, watershed management, public water and sewer systems, and resource assessment projects.

Executive Recommendation -

- **Volume 6 of the Governor's 2009 biennium Executive Budget** contains the complete project evaluations and funding recommendations for all grant and loan applications. Table -- below shows the recommended projects.
- **HB 6** presents the renewable resource grants recommendations for legislative action.
- Grant funding is limited to \$5.9 million and would provide funding for the first 51 of the 80 applications.
- Funding is recommended in the bill for 77 projects, in order of priority, for a total of \$7.6 million, in keeping with the DNRC policy of including all projects that meet minimum technical and financial feasibility requirements.
- The highest priority grant will be to the Green Mountain Conservation District for a stream restoration project on Crow Creek.
- Other projects include the Ackley Lake Dam rehabilitation project and other dam rehabilitation, watershed restoration projects, irrigation rehabilitation projects, groundwater studies, numerous proposals for municipal water and sewer systems and a proposal for a renewable energy project and a forestry project.
- **HB 6** recommends provision of \$100,000 in emergency grants to communities for projects that present immediate threats to public health. \$800,000 is also recommended for project planning grants and irrigation grants.
- **HB 8** presents the renewable resource bonds and loans recommendations from applications that total \$3,650,000 in new requests.

Since the Last Session -

- As of October 2006, the DNRC entered into grant agreements with 40 of the 47 grantees that received appropriations from the 59th Legislature for a total of \$3,834,034 approved to date.
- This biennium, there have been no emergency grants awarded to date.
- Thirty three project planning grants were issued.
- Nineteen private grants were issued for a total of \$42,382.

Renewable Resource Grant and Loan Program

Table F-5
2009 Biennium Renewable Resource Program

Ranked Order	Project Sponsor/ Project Name	Recommended Grant Funding	Cumulative Recommended	Recommended Loan Funding
1	Green Mountain Conservation District Crow Creek Restoration Project	\$70,599	\$70,599	
2	Twin Bridges, Town of Twin Bridges Wastewater System Improvements	\$100,000	\$170,599	
3	Fort Peck Tribes Fort Peck D-4 Drain Water Conservation Improvements	\$100,000	\$270,599	
4	North Powell Conservation District Blackfoot Drought and Water Conservation Project	\$84,347	\$354,946	
5	Bainville, Town of Bainville Wastewater System Improvements	\$100,000	\$454,946	
6	Petrolia Irrigation District Petrolia Irrigation Rehabilitation Project	\$100,000	\$554,946	
7	Montana Department of Natural Resources and Conservation Ackley Lake Dam Rehabilitation	\$100,000	\$654,946	\$200,000
8	Cut Bank, City of Cut Bank Water System Improvements	\$100,000	\$754,946	
9	Whitehall, Town of Whitehall Wastewater System Improvements	\$100,000	\$854,946	
10	Montana Department of Natural Resources and Conservation East Fork Siphon Replacement and Main Canal Lining Project	\$100,000	\$954,946	\$400,000
11	Loma County Water and Sewer District Loma Water System Improvements	\$100,000	\$1,054,946	
12	Panoramic Mountain River Heights County Water District Panoramic Mountain River Heights Water System Improvements	\$100,000	\$1,154,946	
13	Montana Department of Natural Resources and Conservation Smith Creek Canal Seepage Abatement and Rehabilitation Project	\$100,000	\$1,254,946	\$50,000
14	Goodan-Keil County Water District Goodan-Keil Water Improvement Project	\$100,000	\$1,354,946	
15	Montana Department of Natural Resources and Conservation Middle Creek Dam Automated Instrumentation	\$100,000	\$1,454,946	
16	Polson, City of Polson Water System Improvements	\$100,000	\$1,554,946	
17	Hill County Beaver Creek Dam Seepage Control Berm	\$100,000	\$1,654,946	
18	Gallatin County, Hebgen Lake Estates RID 322 Hebgen Lake Wastewater System Improvements	\$100,000	\$1,754,946	
19	Three Forks, City of Three Forks Wastewater System Improvements	\$100,000	\$1,854,946	
20	Mineral County Saltese Water and Sewer District Saltese Wastewater System Improvements	\$100,000	\$1,954,946	

Renewable Resource Grant and Loan Program

Table F-5, Cont.
2009 Biennium Renewable Resource Program

Ranked Order	Project Sponsor/ Project Name	Recommended Grant Funding	Cumulative Recommended	Recommended Loan Funding
21	Carbon Conservation District Phase I Hydrogeology and Water Balance of the East/West Bench Aquifers	\$100,000	\$2,054,946	
22	Fergus County Conservation District Upper and Lower Carter Pond Dam Reconstruction	\$100,000	\$2,154,946	
23	Brady County Water and Sewer District Brady Wastewater System Improvements	\$100,000	\$2,254,946	
24	Beaverhead Conservation District Big Hole Ditch Improvement Project	\$100,000	\$2,354,946	
25	Superior, Town of Superior Water System Improvements	\$100,000	\$2,454,946	
26	Sunny Meadows Missoula County Water and Sewer District Sunny Meadows Water System Improvements	\$100,000	\$2,554,946	
27	Tri County Water and Sewer District Tri County Water System Improvements	\$100,000	\$2,654,946	
28	Philipsburg, Town of Philipsburg Wastewater System Improvements	\$100,000	\$2,754,946	
29	Fort Peck Tribes 58 Main Structure Replacement for Water Management	\$100,000	\$2,854,946	
30	Sanders County Eliminating Failed Septic Systems in Sanders County	\$100,000	\$2,954,946	
31	Malta Irrigation District Dodson North Canal Regulating Reservoir	\$100,000	\$3,054,946	
32	Red Lodge, City of Red Lodge Water System Improvements	\$100,000	\$3,154,946	
33	Elk Meadows Ranchettes County Water District Elk Meadows Water System Improvements	\$100,000	\$3,254,946	
34	Rae Water and Sewer District Rae Water System Improvements	\$100,000	\$3,354,946	
35	Stillwater Conservation District Stillwater-Rosebud Water shed, Surface Water/Groundwater Interaction	\$100,000	\$3,454,946	
36	East Bench Irrigation District East Bench Irrigation District Canal Lining	\$100,000	\$3,554,946	
37	Dayton Lake County Water and Sewer District Dayton Wastewater System Improvements	\$100,000	\$3,654,946	
38	Milk River Irrigation Project Joint Board of Control Saint Mary Canal, Halls Coulee Drop 3, Plunge Pool Concrete Repair	\$100,000	\$3,754,946	
39	Yellowstone Conservation District Modeling Aquifer Response to Urban Sprawl, West Billings Area	\$60,000	\$3,814,946	
40	Ravalli County Floodplain Hazard Mapping, and Land-Use Planning for Ravalli County	\$100,000	\$3,914,946	

Renewable Resource Grant and Loan Program

Table F-5, Cont.
2009 Biennium Renewable Resource Program

Ranked Order	Project Sponsor/ Project Name	Recommended Grant Funding	Cumulative Recommended	Recommended Loan Funding
41	North Valley County Water and Sewer District North Valley County Water System Improvements	\$100,000	\$4,014,946	
42	Sheridan, Town of Sheridan Wastewater System Improvements	\$100,000	\$4,114,946	
43	Neihart, Town of Neihart Water System Improvements	\$100,000	\$4,214,946	
44	Greenfields Irrigation District Muddy Creek Wastewater and Erosion Reduction Project	\$100,000	\$4,314,946	
45	Bynum Teton County Water and Sewer District A New Source of Drinking Water for Bynum, Phase 1	\$100,000	\$4,414,946	
46	Whitefish, City of Whitefish Wastewater System Improvements	\$100,000	\$4,514,946	
47	Power Teton County Water and Sewer District Power Teton Water System Improvements	\$100,000	\$4,614,946	
48	Sidney Water Users Irrigation District Sidney Water Users Increasing Irrigation Efficiency Phase 2	\$100,000	\$4,714,946	
49	Jordan, Town of Jordan Wastewater System Improvements	\$100,000	\$4,814,946	
50	Beaverhead County Blacktail Deer Creek Flood Mitigation Project	\$100,000	\$4,914,946	
51	Seeley Lake Missoula County Water District Seeley Lake Water System Improvements	\$100,000	\$5,014,946	
52	Manhattan, Town of Manhattan Water System Improvements	\$100,000	\$5,114,946	
53	Lewis and Clark County Lewis and Clark Fairgrounds, Dunbar Area Water System Improvements	\$100,000	\$5,214,946	
54	Columbia Falls, City of Columbia Falls Wastewater System Improvements	\$100,000	\$5,314,946	
55	Hamilton, City of Hamilton Wastewater System Improvements	\$100,000	\$5,414,946	
56	Hysham Irrigation District Hysham Irrigation District Infrastructure Improvement	\$100,000	\$5,514,946	
57	Shelby, City of Shelby Water System Improvements	\$100,000	\$5,614,946	
58	Montana Department of Natural Resources and Conservation Community Tree Planting Grants	\$100,000	\$5,714,946	
59	Ronan, City of Ronan Wastewater system Improvements	\$100,000	\$5,814,946	
60	Pondera County Conservation District Marias River Watershed Baseline Assessment	\$100,000	\$5,914,946	

Renewable Resource Grant and Loan Program

**Table F-5, Cont.
2009 Biennium Renewable Resource Program**

Ranked Order	Project Sponsor/ Project Name	Recommended Grant Funding	Cumulative Recommended	Recommended Loan Funding
61	Sheridan County Raymond Dam Rehabilitation	\$100,000	\$6,014,946	
62	Montana Department of Environmental Quality Geothermal Assessment and Outreach Partnership	\$99,963	\$6,114,909	
63	Thompson Falls, City of Thompson Falls Water System Improvements	\$100,000	\$6,214,909	
64	Missoula County Lolo RSID 901 Lolo Wastewater System Improvements, Phase 2	\$100,000	\$6,314,909	
65	Chester Irrigation District Chester Irrigation Project: Phase 2, Water Service Contract Application	\$100,000	\$6,414,909	
66	Pinesdale, Town of Pinesdale Water System Improvements	\$100,000	\$6,514,909	
67	Ekalaka, Town of Ekalaka Water and Wastewater System Improvements	\$100,000	\$6,614,909	
68	Sweet Grass Conservation District West Boulder Point of Diversion Rehabilitation Project	\$44,500	\$6,659,409	
69	Livingston, City of Glass Pulverizer for the City of Livingston	\$100,000	\$6,759,409	
70	Montana State University Channel Response Assessment for the Upper Blackfoot	\$100,000	\$6,859,409	
71	Darby, Town of Darby Water System Improvements	\$100,000	\$6,959,409	
72	Sunburst, Town of Sunburst Backup Water Supply Wells	\$99,236	\$7,058,645	
73	Geyser Judith Basin County Water and Sewer District Geyser Water System Improvements	\$100,000	\$7,158,645	
74	Black Eagle Water and Sewer District Black Eagle Water System Improvements	\$100,000	\$7,258,645	
75	Glacier County Conservation District Marias River Bridge Road Stabilization	\$100,000	\$7,358,645	
76	Buffalo Rapids Project, District 2 Open Lateral Conversion to Pipeline	\$100,000	\$7,458,645	
77	Buffalo Rapids Project, District 1 Open Lateral 34.5 Conversion to Pipeline	\$100,000	\$7,558,645	

Cultural Aesthetic Grant Program

Purpose - The Cultural and Aesthetic (C&A) Grant Program began in the 1979 biennium for protection of works of art in the state capitol and for other cultural and aesthetic projects as provided in 15-35-108, and Title 22, Chapter 2, part 3, MCA. Initially administered by the Montana Historical Society, the C&A program was transferred to the Montana Arts Council in the 1985 biennium and continued to be funded by the interest from a statutory trust that receives coal severance tax revenues. Project applications are submitted to the MAC for review and ranking by the 16-member Cultural and Aesthetic Projects Advisory Committee, half of whom are appointed by the Montana Arts Council and half by the Montana Historical Society.

About two-thirds of the projects are arts projects and one-third are history and other cultural projects.

Executive Recommendation -

- Volume 6 of the Governor's 2009 biennium Executive Budget contains the C&A project applications and advisory committee assessment information.
- Last session, \$3.4 million of the \$3.9 million taken from the trust in the 1997 session to purchase Virginia City was restored. This budget provides the \$500,000 necessary to repay the trust for Virginia City plus an additional \$1.0 million increase to the trust fund so that interest income for grants will be higher.
- HB 9 contains the projects recommended by the advisory committee for funding in the amount of \$698,770.
- The revenue estimate for cultural trust interest earnings for the 2009 biennium is \$1.146 million.
- Montana Arts Council administration and services are recommended for \$391,918 and appropriated in House Bill 2.
- Montana Historical Society is appropriated in HB 9 the first \$30,000 for Capitol Complex works of art.

Language Recommendation -

The following language will be included in the introduced version of **HB 9**:

Fund transfer. At the beginning of fiscal year 2008, the amount of \$1.5 million is transferred from the state general fund to the cultural and aesthetic projects trust fund established in 15-35-108 for the purpose of protection of the works of art in the capitol and for other cultural and aesthetic projects.

Cultural Aesthetic Grant Program

Table F-6 2009 Biennium Cultural Trust Applications & Recommendations				
Grant No.	Organization Name	Request	Rank	Recommend
	<u>Special Project < \$4500</u>			
1207	Signatures from the Big Sky	\$4,500.00	1	\$4,500
1202	Flathead Valley Community College	\$4,500.00	2	\$2,000
1205	Miles City Speakers Bureau	\$4,500.00	3	\$4,000
1208	Valley County Historical Museum	\$4,495.00	4	\$4,000
1200	Council for the Arts, Lincoln	\$2,500.00	5	\$2,500
1204	Metropolitan Opera National Council	\$4,000.00	6	\$1,000
1203	Garnet Pres / Garnet Ghost Town	\$4,500.00	7	
1206	Show Case Writer's Guild	\$4,500.00	8	
1201	Crazy Mountain Museum	\$4,300.00	9	
1209	Wholesome Entertainment Productions	\$4,500.00	10	
	<u>Special Project</u>			
1228	Montana Committee for the Humanities	\$75,000.00	1	\$22,000
1224	Helena Symphony Orchestra and Chorale	\$35,000.00	2	\$10,000
1236	Pondera History Association	\$20,462.00	3	\$10,000
1239	Western Heritage Center	\$24,300.00	4	\$10,000
1225	KUFM-TV, Montana PBS	\$26,950.00	5	\$10,000
1213	Butte Citizens for Pres & Revitalization	\$19,920.00	6	\$10,000
1229	Montana Historical Society	\$26,170.00	7	\$7,000
1240	Yellowstone Chamber Players	\$11,270.00	8	\$6,000
1217	CoMotion Dance	\$20,000.00	9	\$10,000
1222	Glacier Symphony & Chorale	\$15,271.00	10	\$7,000
1232	Montana Performing Arts Consortium	\$40,300.00	11	\$15,000
1231	Montana Museum of Art & Culture	\$17,000.00	12	\$5,000
1234	Montana Shakespeare Co/Artists Group	\$17,000.00	13	\$6,000
1219	Emerson Cultural Center	\$23,520.00	14	\$7,000
1227	Montana Alliance for Arts Ed	\$10,000.00	15	\$5,000
1220	Equinox Theatre Company	\$50,000.00	16	\$8,000
1216	Children's Museum of Bozeman	\$16,000.00	17	\$5,000
1226	Missoula Art Museum	\$21,043.00	18	\$5,000
1210	Alpine Artisans	\$16,300.00	19	\$6,000
1223	Headwaters Dance Co	\$30,000.00	20	\$5,000
1241	Yellowstone Historic Center	\$60,000.00	21	\$8,000
1238	VIA's, Inc	\$23,500.00	22	
1212	Billings Cultural Partners - Skinner/Benoit LLC	\$10,000.00	23	
1233	Montana Poetry Project	\$28,082.00	24	
1221	Florence Prever Rosten Fnd for the Media Arts	\$20,000.00	25	
1237	Prairie County Economic Dev Council	\$27,390.00	26	

Cultural Aesthetic Grant Program

Table F-6, cont. 2009 Biennium Cultural Trust Applications & Recommendations				
Grant No.	Organization Name	Request	Rank	Recommend
1211	Big Sky Repertory Theatre	\$90,000.00	27	
1214	Buttenik Ensemble/ Covellight Thtr	\$18,472.00	28	
1235	Pilgrim Congregational Church	\$12,000.00	29	
1230	Montana Historical Society	WITHDRAWN	NOT RANKED	
1215	Butte-Silver Bow Public Library	WITHDRAWN	NOT RANKED	
	<u>Operational Support</u>			
1267	Montana Art Gallery Director's Assoc	\$40,000.00	SSO1	\$15,000
1276	Museums Association of Montana	\$30,000.00	SSO2	\$10,000
1270	Montana Assoc of Symphony Orchestras	\$22,600.00	SSO3	\$5,000
1269	Montana Arts	\$31,000.00	SSO4	\$10,000
1272	Montana Dance Arts Association	\$17,000.00	SSO5	\$5,000
1253	Custer County Art & Heritage Center	\$32,000.00	1	\$15,000
1285	Schoolhouse History & Art Center	\$28,117.00	2	\$14,000
1242	Alberta Bair Theater	\$50,000.00	3	\$14,000
1248	Bozeman Symphony Society	\$20,000.00	4	\$11,000
1244	Art Mobile of Montana	\$30,000.00	5	\$14,000
1286	Shakespeare in the Parks	\$40,000.00	6	\$15,000
1259	Hockaday Museum of Art	\$38,500.00	7	\$14,000
1257	Great Falls Symphony Association Inc	\$28,000.00	8	\$9,000
1273	Montana Preservation Alliance	\$40,000.00	9	\$13,000
1293	Yellowstone Art Museum	\$78,000.00	10	\$9,000
1280	Paris Gibson Sq Museum of Art	\$65,030.00	11	\$13,000
1278	Myrna Loy Center	\$33,000.00	12	\$9,000
1249	Butte Center for the Performing Arts	\$32,000.00	13	\$12,000
1264	Missoula Children's Theatre	\$40,000.00	14	\$10,000
1260	Holter Museum of Art	\$60,000.00	15	\$12,000
1252	Carbon County Historical Society	\$30,000.00	16	\$11,000
1256	Grandstreet Theatre/Broadwater Productions	\$34,500.00	17	\$12,000
1274	Montana Repertory Theatre	\$20,000.00	18	\$10,000
1287	Southwest Montana Arts Council	\$17,630.00	19	\$8,000
1243	Archie Bray Foundation	\$50,000.00	20	\$10,000
1266	Montana Ag Center & Museum	\$24,000.00	21	\$8,000
1290	Whitefish Theatre Company	\$28,000.00	22	\$10,000
1255	Pioneer Museum/ Gallatin Hist Museum	\$14,000.00	23	\$5,000
1288	Vigilante Theatre Company	\$10,000.00	24	\$8,000
1292	Writer's Voice (Billings YMCA)	\$40,000.00	25	\$12,000
1251	Carbon County Arts Guild	\$20,000.00	26	\$7,000
1281	Pondera Arts Council	\$20,000.00	27	\$5,000
1282	Rimrock Opera Company	\$25,000.00	28	\$10,000
1247	Billings Symphony Society	\$25,000.00	29	\$8,000
1283	Rocky Mountain Ballet Theater	\$35,315.00	30	\$7,000

Cultural Aesthetic Grant Program

Table F- 6, cont. 2009 Biennium Cultural Trust Applications & Recommendations				
<u>Grant No.</u>	<u>Organization Name</u>	<u>Request</u>	<u>Rank</u>	<u>Recommend</u>
1250	Butte Symphony Association	\$25,000.00	31	\$8,000
1246	Big Horn Arts & Crafts Association	\$30,000.00	32	\$7,000
1289	VSA arts of Montana	\$12,000.00	33	\$6,000
1271	Montana Ballet Company	\$25,000.00	34	\$5,000
1291	World Museum of Mining	\$22,000.00	35	\$8,000
1279	NW MT Hist Soc/ Mus at Central Sch	\$36,000.00	36	\$5,000
1263	Mission Valley Friends of the Arts	\$11,920.00	37	\$4,000
1294	Young Audiences of Western MT	\$10,000.00	38	\$6,000
1245	Artisan Dance	\$50,000.00	39	\$4,000
1258	Hamilton Players, Inc	\$35,350.00	40	\$6,000
1275	Museum of the Rockies	\$60,000.00	41	\$6,000
1284	CM Russell Museum	\$40,000.00	42	\$9,000
1261	Intermountain Opera	\$33,450.00	43	\$8,000
1254	District 7 HRDC Growth Thru Art	\$40,000.00	44	\$8,000
1262	Miles City Preservation Comm	\$5,080.00	45	\$2,270
1268	Montana Artists Refuge	\$13,260.00	46	
1277	Musikanten Montana	\$16,000.00	47	
1265	Missoula Writing Collaborative	\$73,920.00	48	
	<u>Capital Expenditure</u>			
1295	Butte-Silver Bow Public Archives	\$25,000.00	1	\$15,000
1300	Mai Wah Society/ Museum	\$30,000.00	2	\$17,500
1297	City of Shelby	\$45,000.00	3	\$8,000
1303	Yellowstone Ballet Company	\$3,000.00	4	\$3,000
1302	TVIA -Board of Arts	\$10,000.00	5	\$8,000
1299	Lewis & Clark Interpretive Center Foundation	\$28,000.00	6	
1301	Missoula Community Performing Arts Center	\$50,000.00	7	
1298	Friends of Wedsworth Memorial Library	\$16,473.00	8	
1296	City of Helena	\$11,525.00	9	
1218	Darby Public Library	\$10,000.00	10	
	TOTAL REQUESTED/RECOMMENDED	\$2,763,915.00		\$698,770.00

State Buildings Energy Conservation Program

Purpose - The State Buildings Energy Conservation Program, operated by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs in state facilities by identifying and funding cost effective energy efficiency improvements. Statutory authority is Title 90, Chapter 4, part 6, MCA.

Background

- The state has sold general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds.
- Projects are designed so the cost savings exceed the debt service.
- Energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls.
- After energy improvements are in place, the DEQ provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained.
- A portion of the proceeds from each bond issuance is set aside to fund analysis, design, and program administration for the next round of projects so the program is able to continue without additional federal or state funding.

Since the Last Session

The program has issued \$14.75 million total in general obligation bonds to fund projects and operate the program. \$6.25 million has been issued since May 2005 which was the maximum bond authority of the 2005 and 2007 biennia.

Executive Recommendation -

- HB 12 recommends using revenue bonds or an InterCap loan not to exceed \$6.0 million for projects during the 2009 biennium.
- HB 12 will add clarification to the statute to allow the program to consider alternative energy and water conservation projects that do not necessarily save energy but do save money.
- 21 projects are in design, development or construction. Many of these projects are coordinated with the Architect & Engineering Division, which is responsible for the Long-Range Building Program.
- The following projects are recommended for approval in HB 12:
 - (a) incremental costs for energy efficiency features in new construction at Montana state university college of technology, Great Falls;
 - (b) incremental costs for energy efficiency features in new construction at Montana state university college of technology, Billings;
 - (c) improvements to boilers in the Xanthopoulos building and improvements to geothermal utilization on campus at Montana state hospital, Warm Springs,;
 - (d) integration of renewable energy systems into the dairy and laundry facilities at Montana correctional enterprises, Montana state prison, Deer Lodge;
 - (e) utilization of geothermal resources at new mining and geology building, Montana tech of the university of Montana, Butte;
 - (f) boiler/chiller upgrades and improvements, Montana school for the deaf and blind, Great Falls;
 - (g) incremental costs for energy efficiency features in new construction at university of Montana college of technology, Helena;
 - (h) energy and water conservation project on auxiliary buildings at university of Montana, Dillon;
 - (i) improvements to the heating, ventilation, and air conditioning system at the music building, university of Montana, Missoula;
 - (j) incremental costs for energy efficiency features for heating, ventilation, and air conditioning upgrade at Montana veterans' home, Columbia Falls; and
 - (k) other projects that arise which will afford energy savings opportunities.

Consolidated Information Technology Projects

Purpose –

LC 712 represents a significant change in the method of funding large information technology (IT) investments in a number of important respects.

First, the bill is structured similar to the long range building program to recognize that IT investments provide critical infrastructure, much like an office building or dam - for the provision of state services, the conduct of state government affairs and to allow citizens to more fully participate in decision making. Building IT systems can be as complex as building a new office building. Significant planning, design and management efforts are necessary for a successful project. LC 712 removes the time pressure that can result in hasty decisions and poorly performing projects by providing continuing budget authority.

Second, the structure of the bill reinforces the authority and statutory responsibilities of the state chief information officer established in the Montana Information Technology Act (MITA). Most of the appropriations contained in the bill are made to the state chief information officer (CIO) through the Department of Administration. By directly controlling the appropriations, the CIO can establish project benchmarks that must be completed before additional funds are released. This helps ensure projects are managed effectively to maximize success and creates greater partnerships between agencies and the state CIO.

Finally, a goal of the bill is to give the legislature and policy makers a broad vision of information technology in state government as all major investments will be focused on in one bill.

Background - Consistent with the Montana Information Technology Act (MITA) the Executive recommends the establishment of a long-range building bill that contains the major information technology systems proposed in the next legislature. LC712 contains most agency information technology projects in excess of \$2 million are contained in the bill rather than traditional HB2 funding.

Executive Recommendation –

The following provides a brief description of the IT projects included in LC 712:

Department of Public Health and Human Services:

Replace current Child and Adult Protective Services System

The Child Protective Services (CAPS) system is an automated social services information system covering all major program areas of child protection, juvenile corrections and probation. CAPS is significantly outdated and many functions are currently being performed outside the system, causing inconsistencies, and leaving room for errors. The new system will provide accurate and timely assistance to Montanans. Total cost of this system will be \$27,150,000, 56 percent general fund and 44 percent federal funds.

Replace current Food Stamp and TANF Eligibility Systems (currently TEAMS serves both)

The Economic Assistance Management System (TEAMS) is significantly outdated and does not meet the needs of the users. Currently many of the eligibility functions are performed manually on spreadsheets outside the system by the eligibility workers, leaving room for errors and inconsistency. The new system will improve service to clients, allow changes and enhancements to be made quickly and at a lower cost and will produce more accurate and efficient Federal reporting. Total cost of the TANF system will be \$16.2 million; 47 percent general fund and 53 percent federal funds. Total cost of the Food Stamp system will be \$13.1 million; 50 percent general fund and 50 percent federal funds.

Update Medicaid Disease Codes

ICD-10 is the new procedure and diagnosis code set for Medicaid Management Information System for federal coding and reporting that will completely replace the current system known as the International Classification of Diseases-9-Clinical Modification (ICD-9-CM) Implementation of

Consolidated Information Technology Projects

ICD-10 is mandated by the federal Medicaid Agency (CMS). Total cost will be \$3 million, with 90 percent of funding coming from the federal government.

CHIMES

CHIMES is the new Medicaid eligibility determination system which replaces the Medicaid functionality in the current TEAMS system. Medicaid is the first of the three eligibility determination modules in TEAMS (Medicaid/TANF/Food Stamps) to be replaced. CHIMES will be nearing completion by July 1, 2007. This request for \$1.1 million (50 percent general fund, 50 percent federal funds) is for the funding required to bring CHIMES to completion.

Department of Administration:

Northern Tier Network Expansion – The Information Technology Services Division is requesting an appropriation of \$7,823,000 general fund to expand of the state's SummitNet network to provide greater capacity for voice, video and data traffic. The project consists of two major initiatives. The Northern Tier portion provides funding for the equipment and maintenance needed to light two high capacity fiber optic lines through the I-90 corridor with drop-off points in major Montana cities on the route. The project is part of a national consortium's efforts to create a high-speed network from Seattle to Chicago using donated dark fiber throughout the route.

The second initiative funds a number of improvements to the existing SummitNet network. The funding is to establish a redundant Core Network Infrastructure (foundation) that provides multiple failover points in the network to ensure connectivity of critical services, to upgrade the Capitol Complex Fiber backbone to support high speed, fault tolerant services between buildings on the Complex and to upgrade the services and bandwidth to remote offices throughout the state.

Statewide E911 Network - The Information Technology Services Division is requesting an appropriation of \$4,000,000 general fund to support the multi-year build-out of the statewide E9-1-1 network and the continued development of a state-of-the-art 9-1-1 system. The funding request will be used to provide wireless public safety position determining equipment on the Statewide Network in order to provide the location of 9-1-1 calls made from wireless devices and to provide four additional Public Safety Answering Points.

Public Safety Radio Consortium -- The Information Technology Services Division is requesting a general fund appropriation of \$5,000,000 to support the multi-year build-out of the Interoperability Montana wireless public safety radio system. The funding will permit additional expansion of key public safety radio sites throughout the state and provide limited equipment for local law enforcement, fire and EMS to use the networked communication system. The funding will also provide State "maintenance of effort" funding to help ensure future federal project support.

Public Safety Radio Interoperability MT -- The Information Technology Services Division is requesting a one-time-only general fund appropriation of \$3,500,000 in FY 2009 to support the deployment of a second, redundant controller and transmission system for the Interoperability Montana wireless public safety radio system. The funding will permit the purchase of additional controlling infrastructure to be placed in the eastern portion of Montana to serve as a backup to main controller in Helena. In addition, digital microwave infrastructure needed to connect the two controllers will be upgraded to meet the needs of this equipment.

Judicial Branch:

Court Technology Improvements

This proposal seeks funding to continue the Judicial Branch's efforts to modernize Montana courts in a manner that meets the unique needs of the Judicial Branch while at the same time conforms to State of Montana information technology standards. This \$3,935,000 general fund will provide court technology improvement projects: case management improvements and court room technology improvements. This project relies heavily on the State's telecommunications network - SummitNet II and the State's document and content management system "FileNet." These costs are included in the proposal.